Strengthening of Rupee Against Dollar

636. SHRI V.P. DURAISAMY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that rupee tumbled against dollar in the third week of January, 2001;

(b) if so, the details thereof; and

(c) what firm steps Government are taking from time to time, to strengthen rupee against dollar?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) No, Sir. The rupee had strengthened by 0.45 percent against the US dollar during the third week of January 2001, from Rs. 46.605 per US dollar on January 12, 2001 to Rs. 46.395 on January 19, 2001.

(c) The exchange rate of the rupee against the US dollar is largely determined by demand and supply conditions in the foreign exchange markets in India. The developments in the financial markets in India and abroad are monitored closely both by the Government and the Reserve Bank of India and appropriate measures are taken, when necessary, to reduce excessive volatility in the exchange rate, prevent the emergence of destabilizing speculative activities, develop an orderly foreign exchange market condition and to help maintain adequate level of foreign exchange reserves.

Assistance by banks to quake victims

637. SHRI SURESH KALMADI:
SHRIMATI AMBIKA SONI:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have issued instructions to the National Housing Bank, other Bank and Financial Institutions to lend assistance to the quake victims of Gujarat;

(b) if so, the details of the guidelines issued to various financial institutions in this regard; and

(c) the details of the assistance given to the victims of Gujarat earth quake so far?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Banks have been directed to set up a Control Room for coordinating relief measures and also appoint Nodal Officers to liaise with Control Room. They have also been advised to immediately ensure resumption of Banking Services in the affected area. A Special State Level Bankers' Committee (SLBC) meeting was held at Ahmedabad on 09.02.2001. After deliberations, the following guidelines were issued by RBI on 12.02.2001 (Statement enclosed) regarding relief to earthquake-affected people. (*See* below)

(A) Loan Classification status in case of borrowers affected by the earthquake would be frozen on an 'as-is-where-is' basis up till 31.03.2003.

(i) In regard to standard assets, no demand for recovery to be made for two years.

(ii) In regard to loans not classified as standard assets, no penalties to be levied in the even of non-receipt of repayments of due during the next two years.

(iii) During this period the banks would charge simple interest @ 10% per annum till 31.03.2003 and thereafter normal rate of interest would be charged.

(B) All affected borrowers in the category of small traders, business, self employment and small road transporter etc. would be sanction special limits upto Rs. 1 lakhs for restoration/rehabilitation of their businesses at interest rates not exceeding PLR.

(C) Banks would grant loans upto Rs. 2 lakhs at interest rate not exceeding PLR for repairs/reconstruction of houses/shop damaged by the earthquake.

(D) In regard to advances to SSI, business, trade and industry, banks would consider sanction of additional limits. The interest on rescheduled loans will be charged @ 10% per annum at simple rate upto 31.03.2003 and thereafter, at PLR. The interest on additional

limits will be charged as per (e) below.

(E) Loans upto Rs. 10 lakhs will carry rate of interest at PLR and for loans above Rs. 10 lakhs, at bank's discretion.

(F) PLR will be uniform for all banks and will be State Bank of India's PLR.

(G) No processing fees will be charged by the banks from the affected beneficiaries.

(H) Financial facilities for repairs/construction of houses/shops and to small traders, small business, self employed and small road transporters etc. under this package will be reckoned as part of priority sector lending.

(I) Settlement of claims made by nominees of depositors who have lost their lives in the earthquake should be completed within 48 hours and in other cases, on the bank being satisfied about legality of the claim. The successor to be notified by the State Agencies. Payment upto Rs. 50,000/- in deceased claims be released against indemnity and affidavit.

(J) Branch Managers would be vested with sufficient discretionary powers for granting such facilities.

(K) In the matter of direct lending for housing to the borrowers, banks are free to evolve their own guidelines on the stipulations on margin, security and repayment schedule with the approval of their Boards.

(L) In case of agricultural loans, as a special case banks may not recover either principal or interest from the affected farmers for a period of two years and reschedule the amounts not collected during the two years for a period of 7 years. The total period of reschedulement including the initial moratorium period should not exceed nine years.

(M) Existing limit of Rs. 1000/- for grant of consumption loans may be raised upto Rs. 2000/- per eligible beneficiary. As a measure of further concession, such consumption loans may be granted even

though the Gujarat State has not constituted a Risk Fund as envisaged in existing instructions on the subject.

(N) While sanctioning loans, assets coverage ratio may not be insisted upon.

Besides the above, RBI, in order to provide relief to the affected exporters, extended concessions in respect of extension of pre-shipment credit, conversion of dues into short term loans and relaxation of asset classification norms.

(c) Since the relief package has recently been announced, it is too early to give details of assistance given under this package.

Statement

Guidelines issued by RBI for relief to earthquake-affected people

RESERVE BANK OF INDIA
Rural Planning & Credit Department
CENTRAL OFFICE
Central Office Building, 13th Floor,
Fort, Mumbai-400 001.

Please quote in reply

RPCD. PLFS. NO./222/05.04.02(Guj)/2000-01

12 February, 2001

The Chairman & Managing Director
Dena Bank
(SLBC Convenor bank for Gujarat State)
Maker Tower "E"
10th floor
Cuffe Parade
Mumbai-400 005

Dear Sir,

Relief measures for the persons/business affected by the earthquake in Gujarat.

Please refer to your letter CMD/BS/63/2001 dated 10 February, 2001

forwarding therewith the recommendations of the SLBC meeting held on 9 Fubruary, 2001 at Ahmedabad for providing **relief/concessions to the earthquake victims of Gujarat.** It has been decided to extend the following special relief package of measures for persons/businesses affected by the earthquake. It may be clarified that the relief measures indicated below are applicable to the affected persons in the districts & blocks, notifed by the State Government as having been affected by the earthquake. In case of doubt, branch managers may obtain certification from the State Agencies in the matter.

2. (a) **Control Room** for directing and monitoring relief measures has been set up in Dena Bank, Ahmedabad supported at all times by Officers specifically designated for the purpose from SIDBI, NHB, NABARD, Dena Bank and Bank of Baroda.

(b) **Nodal offices** have been set up by banks in affected areas to monitor and report on the implementation of relief measures to the Control Room on an ongoing basis.

(c) Banks should endeavour for **immediate resumption of banking services** at branches which have been damaged/ affected/rendered non-functional by setting up satellite offices, extension counters, mobile banking facilities, or shifting branches to suitable nearby places on temporary basis for which powers have been delegated to the Regional Director for the State of Gujarat, Reserve Bank of India, Ahmedabad, who may be contacted in the matter.

(d) **Loan Classification status** in case of borrowers affected by the earthquake should be frozen on an 'as-is-where-is' basis uptil 31.03.2003.

(i) In regard to standard assets, no demand for recovery to be made for two years.

(ii) In regard to loans not classified as standard assets, no penalties to be levied in the event of non-receipt of repayments due during the next two years.

(iii) During this period the banks would charge simple interest @ 10% per annum till 31.03.2003 and thereafter normal rate of interest would be charged.

(e) Notwithstanding the present status of the account, affected borrowers in the category of **small traders, small business, self-employed and small road transporters etc.** should be sanctioned special limits upto Rs. 1 lakh for restoration/ rehabilitation of their businesses at interest rates not exceeding PLR.

(f) Banks should grant loans upto Rs. 2 lakh at interest rate not exceeding PLR **for repairs/reconstruction of houses/shops** damaged by the earthquake.

(g) In regard to advances to *SSI, business, trade and industry,* banks should consider sanction of additional limits/rescheduling of existing limits under a need based arrangement depending upon the performance of borrower, conduct of account etc. The interest on rescheduled loans will be charged @ 10% per annum at simple rate upto 31.03.2003 and thereafter, at **PLR**. The interest on additional limits will be charged as per sub-paragraph (h) below.

(h) Loans upto Rs. 10 lakhs will carry rate interest at PLR and for loans above Rs. 10 lakhs, at bank's discretion.

(i) PLR will be uniform for all banks and will be State Bank of India's PLR which is presently 12% p.a.

(j) No processing fees will be charged by the banks from the affected beneficiaries.

(k) Financial facilities for repairs/construction of houses/ shops and to small traders, small business, self-employed and small road transporters etc. under this package will be reckoned as part of priority sector lending.

(l) Settlement of claims made by nominee of depositors who have lost their lives in the earthquake should be completed within 48 hours and in other cases, on the bank being satisfied about legality of the claim. The successor to be notified by the State Agencies. Payment upto Rs. 50,000/- in deceased claims be released agasinst Indemnity and Affidavit.

(m) Branch Managers may be vested with sufficient discretionary powers for granting such facilities.

(n) It is reiterated that in term of IECD circular letter No. (HF)40/03-27.5.97-98 dated 16 April 1998, banks are free to evolve their own guidelines on the stipulations on margin, security and repayment schedule in the matter of direct lending for housing to the borrowers with the approval of their Boards.

(o) In case of agricultural loans, as a special case banks may not recover either principal or interest from the affected farmers for a period of two years and reschedule the amounts not collected during the two years for a period upto 7 years. It may be clarified that the total period of reschedulement including the initial moratorium period should not exceed nine years.

(p) Existing limit of Rs. 1000/- for grant of consumption loan may be raised upto Rs. 2000/- per eligible beneficiary. As a measure of further concession, such consumption loans may be granted even though be Gujarat State has not constituted a Risk Fund as envisaged in our existing instructions on the subject.

(q) While sanctioning loans, asset coverage ratio may not be insisted upon.

3. For monitoring of the relief measures by banks, SLBC meeting will be convened on a monthly basis. The monitoring Committee of SLBC consisting of Dena Bank, RBI, Bank of Baroda, Bank of India, Central Bank of India, NHB, NABARD, SIDBI and Relief Commissioner, Secretary Agriculture or his representative would meet on fortnightly basis to review the progress.

4. As decided, SLBC will consult the State Government for waiver of stamp duty for registration of houses and mortgage of property and for certification of ownership of land for construction of houses/ shops.

5. We shall be glad if you will please initiate immediate steps to extend relief measures as above in the affected districts. The progress in this regard monitored at periodical intervals by the sub-group/ SLBC may be advised to us and our Regional Office at Ahmedabad. In addition, monitoring at periodic intervals by DCC at district level should be done.

Please acknowledge receipt.

Yours faithfully,

(A.V. Sardesai)
Chief General Manager

Endt. RPCD. NO. PLFS/223/05.04.02(Guj.)/1999-2000 of date

(i) Copy forwarded to the Regional Dirctor for Gujarat Reserve Bank of India, Ahmedabad. He is requested to apprise the State Government in this regard.

(ii) Copy forwarded for information and necessary action to the General Manager, Rural Planning and Credit Department, Reserve Bank of India, Ahmedabad. He may please keep us informed about the developments in the matter on a regular basis.

(iii) Copy in continuation of this office endt. No. 221 of even file dated 09.02.2001 to the Chief General Manager, DBOD, RBI, CO, Mumbai. He may kindly issue necessary instructions in respect of paragraph 2(c) for delegation of necessary powers to the Regional Director in the matter.

Copy also forwarded to:

(iv) The Chief General Manager, Urban Banks Dept. RBI, CO, Garment House, Worli, Mumbai 400 018, for examining applicability of the instructions to Urban Banks in Gujarat.

(v) The Chief General Manager, NABARD, Bandra Kurla Complex, Bandra East, Mumbai 400 051, for examining applicability of the instructions to Cooperative Sector (SCB/DCCBs).

(vi) The Chief General Manager, IECD, RBI, CO, Mumbai for necessary action on areas relating to housing loans.

(vii) The Chairman, Indian Banks Association, Stadium House, Block 2 & 3, 6th floor, 81—83, Veer Nariman Road, Mumbai 400 020.

(viii) The Secretary, Govt. of India, Ministry of Finance, Dept. of Economic Affairs (Banking Divn.), Jeevan Deep, Parliament Street, New Delhi.

(ix) The Secretary, Govt. of India, Ministry of Agriculture, Department of Agrl. and Co-operation, Krishi Bhavan, New Delhi.

(x) Planning / PLNFS / SP Section.

(Ms. J.M. Jivani)
Deputy General Manager

Recovery of Tax

638. SHRI DIPANKAR MUKHERJEE: Will the Minister of FINANCE be pleased to refer to answers to Unstarred Questions 221